

STATE OF ALASKA

DEPARTMENT OF NATURAL RESOURCES

DIVISION OF OIL & GAS

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To Royalty and Net Profit Share Lease Report Filers:

The Division of Oil and Gas (DO&G) is nearing completion of updates to its oil and gas royalty accounting system with implementation of its division-wide information system DOGMA (Division of Oil and Gas Management Applications). For royalty filers these updates primarily relate to more automation of the report filing process. This letter provides advance notice of this upcoming implementation. Prior to full implementation of the DOGMA updates in the summer of 2009, a test phase will start with the February 2009 filings. Beginning at that time, all current reporting will pass through the error checking as it will be performed in the updated system. Any report items that do not pass a data check will be included in an error report. The error reports will be emailed to the person or persons who normally prepare your report filings. The intent is to inform you of the reporting errors that are currently occurring and to provide you with sufficient time to correct those errors in advance of full implementation of the new updated system. Beginning with this letter notice, spreadsheet report filers should begin using the updated report forms as soon as possible, but not later than February 1, 2009. However, EDI filers must implement their changes on February 1, 2009. A copy of the new forms accompanies this letter and can also be downloaded at the link listed below.

The following narrative provides some interim instructions for preparing for the new implementation and identifies corrections that filers need to make to existing reporting errors in order for reports to be accepted by the updated accounting system.



James A. Stouffer

Commercial Analyst, Royalty Accounting Manager

Interim Instructions For Reporting Updates:

New Data Items:

All Report Headers Add "Filing Type" Codes:

One new data item, "Filing Type," has been added to the header of each report. Currently, DO&G personnel load the "Filing Type" when the reports are received and processed into DOGMA. With full implementation of online report loading, filers will load their own reports directly into DOGMA; thus the labeling of the "Filing Type" needs to be automated. A listing of "Filing Type" codes is shown below. No special EDI codes are needed to complete this information for EDI filings. EDI filers should use the same codes listed below. Each "Filing Type" represents a unique group of reports or a "filing." Each "Filing Type" must be accompanied by a separate payment and Payment Summary Report (S1).

Filing Type Codes:

<u>Code:</u>	<u>Description:</u>
REG	Original & Normal Revisions (Other Than Those Listed Below) Filed as Current Month Filings
AUD	Audit Finding Filing
FER	FERC Settlement Filing
LIT	Litigation Filing (Court Decision)
QAL	Quality Bank Filing
SET	Settlement Filing (State negotiated from issues & reopeners of settlement agreements)

Standardized Date Formats:

Date formats are standardized to eliminate some of the confusion about what formats to use in what date fields. The following is a breakdown of which dates are actually being changed. All dates will be in a "MM/DD/YYYY" (Month/Day/Year) format.

Note: EDI filers do not need to incorporate slashes (" / ") between segments of the date.

HEADER DATES:

Report Month: Will use the 1st of the month for the day in the "MM/DD/YYYY" format, i.e. 11/01/2008. Report Month is now on all report forms and will use this format in all report headers.

Production Month: Will use the 1st of the month for the day in the "MM/DD/YYYY" format, i.e. 11/01/2008.

Authorization Date: This date already uses a "MMDDYYYY" format. The only change will be to add slashes "/" between each segment of the date, i.e. a "MM/DD/YYYY" format.

Settlement Date: This date already uses a "MMDDYYYY" format. The only change will be to add slashes "/" between each segment of the date, i.e. a "MM/DD/YYYY" format.

REPORT DETAILS DATE:

Payment Date: Only occurs on the Payment Summary (S1). This date will use the "MM/DD/YYYY" format using the "date" that the item being reported is approved or initiated, i.e. Advance Rentals (AR), Over/under Payments (OUP, OUT), Fund Transfers (OZ), etc.

Operator Report (O1) Adding "Report Month":

The header section for all Operator Reports (O1) must now include the "Report Month" in which the report is filed. Refilings of past Operator Reports to add "Report Month" will not be required. However, if a revised Royalty Operator Report is filed after January 31, 2009, it must contain "Report Month" in the header of the revised Royalty Operator (O1) report.

Operator Reporting of Outside Substance (OS) and Unitized Substance (US):

The Royalty Operator Reports (O1) for Accounting Units, which have previously been injecting royalty bearing hydrocarbons from another Unit as Outside Substances (OS) and then recovering those injected substances through normal operations, must report the split of production between indigenous (unitized) substances (US) and recovered injected substances (OS). An example of a Royalty Operator Report (O1) for Accounting Unit KPRK from "Any Company" is attached to these instructions. When "US" and "OS" allocations by Lessee are totaled, these volumes should equal the "Total Offtake" volume (Disposition Code "0008," Allocation Code "NPT," and Lessee "Total"). The following example illustrates the correct reporting of "OS" and "US."

Operator Reporting Non-royalty Bearing Volumes in the Imported Accounting Unit:

The following O1 example for the Kuparuk River Unit, Kuparuk PA (Accounting Unit -KPRK) from "Any Company" also shows imported volumes from a tract or lease operation or from a unit outside of the Accounting Unit. These volumes are typically from Accounting Units with no state ownership or from Accounting Units with state ownership which is outside the unit boundary. When these volumes are produced in an area without a processing facility, it is exported to another producing Accounting Unit and simply co-mingled with its production stream.

The exchange is non-royalty bearing for the Accounting Unit receiving the volume since the original obligation for royalties rested with the source lease owners. These volumes are reported on the receiving Accounting Unit Operator Report as Disposition "0190" and are included in "Pipeline Deliveries" (Disposition "0009"). These volumes are further identified with a Selling Arrangement code that identifies the source of the production of the non-royalty bearing volume. This agreement will be classified as an "Exchange" agreement between the source (exporting) and the receiving (importing) Accounting Units.

Operator Reporting Offtake Percentage:

Offtake percentages should be reported for any grouping of volumes with a total volume not equaling zero.

ALASKA DNR - OIL & GAS V 1.20081110

REPORT TYPE				O1			
REPORT CODE				OR			
FILING TYPE				REG			
CUSTOMER ID NUMBER				000106346			
ACCOUNTING UNIT CODE				KPRK			
PRODUCTION MONTH				08/01/2009			
REVISION NO.				00			
REPORT MONTH				09/01/2009			
AUTHORIZED DATE				09/30/2009			
OPERATOR NAME				Any Company			
ACCOUNTING UNIT NAME				Kuparuk PA			
ADDRESS1				PO Box 100360			
ADDRESS2							
CITY				Anchorage			
STATE				AK			
ZIP				99510			
PREPARER				Jane Doe			
PREPARER PHONE NUMBER				9078661580			
PREPARER FAX NUMBER				9078661521			
AUTHORIZED SIGNATURE (CODE)				AUAKARABAZ			
AUTHORIZED SIGNATURE (Printed Name)				Bob the Builder			
PHONE NUMBER				9078665522			
FAX NUMBER				9078665111			
LINE NO.	PRODUCT CODE	DISPOSITIO N CODE	ALLOCATION CODE	LESSEE NAME	OFFTAKE PERCENT	QUANTITY	SELLING ARR CODE
1	C	0006	NPT	TOTAL	100.0000000	2,685,793.00	0000000000
2	C	0006	WIO	A	39.1600000	1,051,681.25	0000000000
3	C	0006	WIO	B	4.9600000	133,243.82	0000000000
4	C	0006	WIO	C	0.5800000	15,665.51	0000000000
5	C	0006	WIO	D	0.0000000	0.00	0000000000
6	C	0006	WIO	E	55.3000000	1,485,202.42	0000000000
7	C	0008	NPT	TOTAL	100.0000000	2,631,405.00	0000000000
8	C	0008	WIO	A	39.1600000	1,030,363.46	0000000000
9	C	0008	WIO	B	4.9600000	130,551.90	0000000000
10	C	0008	WIO	C	0.5800000	15,348.98	0000000000
11	C	0008	WIO	D	0.0000000	0.00	0000000000
12	C	0008	WIO	E	55.3000000	1,455,140.66	0000000000
13	C	0009	NPT	TOTAL	100.0000000	2,643,985.00	0000000000
14	C	0009	WIO	A	39.1600000	1,035,289.79	0000000000
15	C	0009	WIO	B	4.9600000	131,175.87	0000000000
16	C	0009	WIO	C	0.5800000	15,421.94	0000000000
17	C	0009	WIO	D	0.0000000	0.00	0000000000

LINE NO.	PRODUCT CODE	DISPOSITION CODE	ALLOCATION CODE	LESSEE NAME	OFFTAKE PERCENT	QUANTITY	SELLING ARR CODE
18	C	0009	WIO	E	55.3000000	1,462,097.40	0000000000
19	O	0010	NPT	TOTAL	100.0000000	2,625,668.00	0000000000
20	O	0010	WIO	A	39.1600000	1,028,117.06	0000000000
21	O	0010	WIO	B	4.9600000	130,267.27	0000000000
22	O	0010	WIO	C	0.5300000	15,315.52	0000000000
23	O	0010	WIO	D	0.0000000	0.00	0000000000
24	O	0010	WIO	E	55.3000000	1,451,968.15	0000000000
25	O	0020	NPT	TOTAL	100.0000000	5,737.00	0000000000
26	O	0020	WIO	A	39.1600000	2,246.40	0000000000
27	O	0020	WIO	B	4.9600000	284.63	0000000000
28	O	0020	WIO	C	0.5800000	33.46	0000000000
29	O	0020	WIO	D	0.0000000	0.00	0000000000
30	O	0020	WIO	E	55.3000000	3,172.51	0000000000
31	O	0030	NPT	TOTAL	100.0000000	54,388.00	0000000000
32	O	0030	WIO	A	39.2000000	21,317.79	0000000000
33	O	0030	WIO	B	4.9500000	2,691.92	0000000000
34	O	0030	WIO	C	0.5800000	316.53	0000000000
35	O	0030	WIO	D	0.0000000	0.00	0000000000
36	O	0030	WIO	E	55.2700000	30,061.76	0000000000
37	O	0050	NPT	TOTAL	0.0000000	0.00	0000000000
38	O	0050	WIO	A	0.0000000	0.00	0000000000
39	O	0050	WIO	B	0.0000000	0.00	0000000000
40	O	0050	WIO	C	0.0000000	0.00	0000000000
41	O	0050	WIO	D	0.0000000	0.00	0000000000
42	O	0050	WIO	E	0.0000000	0.00	0000000000
43	N	0010	NPT	TOTAL	0.0000000	0.00	0000000000
44	N	0010	WIO	A	0.0000000	0.00	0000000000
45	N	0010	WIO	B	0.0000000	0.00	0000000000
46	N	0010	WIO	C	0.0000000	0.00	0000000000
47	N	0010	WIO	D	0.0000000	0.00	0000000000
48	N	0010	WIO	E	0.0000000	0.00	0000000000
49	C	0008	OWT	TOTAL	100.0000000	2,631,405.00	0000000000
50	C	0008	LT	A	39.1920000	1,031,300.25	0000000000
51	C	0008	LT	B	4.9506000	130,270.34	0000000000
52	C	0008	LT	C	0.5821000	15,317.41	0000000000
53	C	0008	LT	D	0.0000000	0.00	0000000000
54	C	0008	LT	E	55.2753000	1,454,517.00	0000000000
55	C	0008	LST	TOTAL	100.0000000	2,631,405.00	0000000000
56	C	0008	US	A	35.2407600	927,327.11	0000000000
57	C	0008	US	B	4.4651700	117,496.71	0000000000
58	C	0008	US	C	0.5249700	13,814.08	0000000000
59	C	0008	US	D	0.0000000	0.00	0000000000
60	C	0008	US	E	49.7691000	1,309,626.59	0000000000
61	C	0008	OS	A	3.9156400	103,036.35	0000000000
62	C	0008	OS	B	0.4961300	13,055.19	0000000000
63	C	0008	OS	C	0.0583300	1,534.90	0000000000
64	C	0008	OS	D	0.0000000	0.00	0000000000
65	C	0008	OS	E	5.5299000	145,514.07	0000000000
66	C	0008	CIT	TOTAL	0.0000000	0.00	0000000000

LINE NO.	PRODUCT CODE	DISPOSITION CODE	ALLOCATION CODE	LESSEE NAME	OFFTAKE PERCENT	QUANTITY	SELLING ARR CODE
67	C	0008	LCI	A	0.0000000	-936.79	0000000000
68	C	0008	LCI	B	0.0000000	281.56	0000000000
69	C	0008	LCI	C	0.0000000	31.57	0000000000
70	C	0008	LCI	D	0.0000000	0.00	0000000000
71	C	0008	LCI	E	0.0000000	623.66	0000000000
72	C	0008	PIT	TOTAL	0.0000000	0.00	0000000000
73	C	0008	LPI	A	0.0000000	-4,664.79	0000000000
74	C	0008	LPI	B	0.0000000	-1,188.01	0000000000
75	C	0008	LPI	C	0.0000000	-121.75	0000000000
76	C	0008	LPI	D	0.0000000	0.00	0000000000
77	C	0008	LPI	E	0.0000000	5,974.55	0000000000
78	C	0008	OULT	TOTAL	0.0000000	0.00	0000000000
79	C	0008	LOU	A	0.0000000	-5,601.58	0000000000
80	C	0008	LOU	B	0.0000000	-906.45	0000000000
81	C	0008	LOU	C	0.0000000	-90.18	0000000000
82	C	0008	LOU	D	0.0000000	0.00	0000000000
83	C	0008	LOU	E	0.0000000	6,598.21	0000000000
84	C	0190	NPT	TOTAL	100.0000000	12,580.00	216002K000
85	C	0190	WIO	A	39.1600000	4,926.33	216002K000
86	C	0190	WIO	B	4.9600000	623.97	216002K000
87	C	0190	WIO	C	0.5800000	72.96	216002K000
88	C	0190	WIO	D	0.0000000	0.00	216002K000
89	C	0190	WIO	E	55.3000000	6,956.74	216002K000
90	O	2010	TROY	TOTAL	100.0000000	295,420.75	0000000000
91	O	2010	ROY	A	39.1600000	115,676.21	0000000000
92	O	2010	ROY	B	4.9600000	14,656.72	0000000000
93	O	2010	ROY	C	0.0000000	0.00	0000000000
94	O	2010	ROY	D	0.5800000	1,723.12	0000000000
95	O	2010	ROY	E	55.3000000	163,364.71	0000000000
96	O	2010	TRIV	TOTAL	100.0000000	3,312.73	0000000000
97	O	2010	RIV	A	39.1600000	1,297.23	0000000000
98	O	2010	RIV	B	4.9600000	164.36	0000000000
99	O	2010	RIV	C	0.0000000	0.00	0000000000
100	O	2010	RIV	D	0.5800000	19.25	0000000000
101	O	2010	RIV	E	55.3000000	1,831.90	0000000000
102	O	2010	TRIK	TOTAL	100.0000000	292,108.02	0000000000
103	O	2010	RIK	A	39.1600000	114,378.98	0000000000
104	O	2010	RIK	B	4.9600000	14,492.36	0000000000
105	O	2010	RIK	C	0.0000000	0.00	0000000000
106	O	2010	RIK	D	0.5800000	1,703.87	0000000000
107	O	2010	RIK	E	55.3000000	161,532.81	0000000000
108	O	2020	TROY	TOTAL	100.0000000	645.48	0000000000
109	O	2020	ROY	A	39.1600000	252.75	0000000000
110	O	2020	ROY	B	4.9600000	32.02	0000000000
111	O	2020	ROY	C	0.0000000	0.00	0000000000
112	O	2020	ROY	D	0.5800000	3.76	0000000000
113	O	2020	ROY	E	55.3000000	356.95	0000000000
114	O	2020	TRIV	TOTAL	100.0000000	7.24	0000000000
115	O	2020	RIV	A	39.2300000	2.84	0000000000

LINE NO.	PRODUCT CODE	DISPOSITION CODE	ALLOCATION CODE	LESSEE NAME	OFFTAKE PERCENT	QUANTITY	SELLING ARR CODE
116	O	2020	RIV	B	4.8300000	0.35	0000000000
117	O	2020	RIV	C	0.0000000	0.00	0000000000
118	O	2020	RIV	D	0.5500000	0.04	0000000000
119	O	2020	RIV	E	55.3900000	4.01	0000000000
120	O	2020	TRIK	TOTAL	100.0000000	638.24	0000000000
121	O	2020	RIK	A	39.1600000	249.91	0000000000
122	O	2020	RIK	B	4.9600000	31.67	0000000000
123	O	2020	RIK	C	0.0000000	0.00	0000000000
124	O	2020	RIK	D	0.5800000	3.72	0000000000
125	O	2020	RIK	E	55.3000000	352.94	0000000000
126	O	2050	TROY	TOTAL	0.0000000	0.00	0000000000
127	O	2050	ROY	A	0.0000000	0.00	0000000000
128	O	2050	ROY	B	0.0000000	0.00	0000000000
129	O	2050	ROY	C	0.0000000	0.00	0000000000
130	O	2050	ROY	D	0.0000000	0.00	0000000000
131	O	2050	ROY	E	0.0000000	0.00	0000000000
132	O	2050	TRIV	TOTAL	0.0000000	0.00	0000000000
133	O	2050	RIV	A	0.0000000	0.00	0000000000
134	O	2050	RIV	B	0.0000000	0.00	0000000000
135	O	2050	RIV	C	0.0000000	0.00	0000000000
136	O	2050	RIV	D	0.0000000	0.00	0000000000
137	O	2050	RIV	E	0.0000000	0.00	0000000000
138	O	2050	TRIK	TOTAL	0.0000000	0.00	0000000000
139	O	2050	RIK	A	0.0000000	0.00	0000000000
140	O	2050	RIK	B	0.0000000	0.00	0000000000
141	O	2050	RIK	C	0.0000000	0.00	0000000000
142	O	2050	RIK	D	0.0000000	0.00	0000000000
143	O	2050	RIK	E	0.0000000	0.00	0000000000

Net-Profit-Share Leases (NPSL) Report Code Updates:

The following code changes are made to the NPSL reports headers. The NPSL Volume/Value and Account Reports "Report Type" and "Report Code" codes are changed to follow the same standard as that of the O1, A1 and S1. Please note the following changes:

NPSL Account Report(AC):

"Report Type" code "NA1" is replaced by the code "AC."

"Report Code" code "AC" is replaced by "AL."

"Control Number" = "P" is replaced by "N" to identify the payment as an NPSL payment.

NPSL Volume/Value Report (VV):

"Report Type" code "NA1" is replaced by the code "VV."

"Report Code" code "VV" is replaced by "AL."

"Control Number" = "P" is replaced by "N."

NPSL Cost Operator Report (C1):

"Report Type" code is "C1."

"Report Code" is "AL."

NPSL Payment Summary Report (S1):

"Control Number" = "P" is replaced by "N."

Net-Profit-Share Leases (NPSL) Operator Cost Report (C1) (New Addition):

For NPSL reporting, there is a new Operator Cost Report (C1) for Accounting Units that contain Net Profit Share leases. This Operator Cost Report will be filed by the unit operator by the 20th of the month following the month of production. The report details the Current Month's capital and operating expenses for each NPSL. Review the following example.

ALASKA DNR - OIL & GAS V 1.20081110

Report Type	C1
Report Code	AL
CUSTOMER ID NUMBER	000123456
PRODUCTION MONTH	10/01/2008
REVISION NO.	00
REPORT MONTH	11/01/2008
AUTHORIZED DATE	11/28/2008
LEASE NUMBER	123456

OPERATOR NAME	XYZ
ADDRESS1	123 More Avenue
ADDRESS2	
CITY	Any City
STATE	Alaska
ZIP	99999
PREPARER	Jane Right
PREPARER PHONE NUMBER	9995673333
PREPARER FAX NUMBER	9995673334
AUTHORIZED SIGNATURE (CODE)	1234567890
AUTHORIZED SIGNATURE (Printed Name)	More is Better
PHONE NUMBER	9995673332
FAX NUMBER	9995673331

LINE NO.	ACCOUNTING UNIT	ACCOUNT CODE	ALLOCATION CODE	RATE	AMOUNT	ALLOCATION CODE DESCRIPTION
1	ABC	DV	EPPD		\$0.00	Exploration Pre and Post Drilling
2	ABC	DV	CPD		\$0.00	Construction Project Design Costs
3	ABC	DV	CWP		\$0.00	Cost of Capital Work-in-Progress
4	ABC	DV	DCW		\$0.00	Drilling Costs- Well
5	ABC	DV	WLE		\$0.00	Well & Lease Equipment Costs
6	ABC	DV	AAOH		\$0.00	Audit Adjustments- Overhead Items
7	LEASE	DV	TOI		\$0.00	Total Overhead Items
8	LEASE	DV	OVHR	3.00000%		General Overhead and Admin. Expense Rate
9	LEASE	DV	GOAE		\$0.00	General Overhead and Admin. Expense
10	ABC	DV	RLP		\$0.00	Rentals/Licenses/Permits
11	LEASE	DV	TOTDC		\$0.00	Total Development Costs
12	ABC	PR	PO		\$0.00	Production Operations Expense
13	ABC	PR	DL		\$0.00	Damages and Loses
14	ABC	PR	OTH		\$0.00	Other Charges
15	ABC	PR	LR		\$0.00	Lease Rentals
16	ABC	PR	AAOH		\$0.00	Audit Adjustments- Overhead Items
17	LEASE	PR	TOI		\$0.00	Total Overhead Items
18	LEASE	PR	OVHR	9.00000%		General Overhead and Admin. Expense Rate
19	LEASE	PR	GOAE		\$0.00	General Overhead and Admin. Expense
20	LEASE	PR	TOTOP		\$0.00	Total Operating Costs

Net-Profit-Share Leases (NPSL) Account Report (AC):

Due to the changes in the state tax structure, the main body of the AC report will change once the changes to the NPSL regulations are approved. Those changes will be distributed under a separate letter once the changes are finalized.

Updated Report Forms:

Spreadsheet Formatted Reports:

The accompanying spreadsheet templates were modified to help reduce the potential for errors in completing each report. The header information is consolidated into a single column above the body of each report. Data items reported in the header are in the same location on all reports (A1, O1, S1, VV, AC, & C1). Not all header data items are required on all reports and thus would appear blank or not listed on those reports as appropriate. A review of the accompanying template formats should make this clear.

When online report loading is fully implemented spreadsheet filers will be assigned logons with access to DOGMA. Filers will use these logons to DOGMA to submit Royalty (O1, A1 and S1) and NPSL report filings (VV, AC, and C1). The report form file accompanies this notice and can also be downloaded from the web link listed below. Look in the "Updates" section of the website. Individual reports (O1, A1, S1, AC, VV, and C1) must be set up on separate sheets within the same workbook.

Note: The formatting in the new report form file must not be altered in any way; particularly there should not be any alteration of formatting in the sheets or inclusion of any extra characters such as commas. Formulas placed in cells should not affect the load process. The load process requires that the data in each sheet be in "English" format. Except for the date fields discussed above, the requirement that data be submitted in "Text" format was established as a standard at the beginning of automated reporting in the nineties. Altering formats to something other than "Text" would truncate data that needs to have leading zeros, such as Disposition Codes or six digit date formats. Loss of leading zeros will cause data to be incorrectly interpreted by the receiving program and result in data check errors which, in turn, will cause the report(s) affected to be rejected as they are today.

EDI Filed Reports:

The changes for EDI filers include the incorporation of the "Filing Type" in all headers, including "Report Month" in the header of the Royalty Operator Report (O1), the standardization of date formats and the addition of the Operator Cost Report.

Please note the choices listed above for coding the "Filing Types." Updated instructions for the EDI maps for O1, A1 and S1 reports can also be found on the web link listed below. Once you are connected to the web site, look in the "Updates" section of the web page.

All date formats should use a qualifier code of "DB" for the "MMDDYYYY" format. The formatting of "Report Month" and "Production Month" will both use the 1st day of the month. EDI filers do not need to incorporate slashes ("/") between segments of the date.

EDI filers need to update their translator maps to accommodate "Filing Type" in the headers of all reports, add "Report Month" to the Royalty Operator Report (O1), and add the new NPSL Operator Cost Report (C1)

EDI filers will continue to file reports via VAN services as they have always done. In addition to the regular EDI 997 Acknowledgement sent to EDI filers, EDI filers will now also receive an Email acknowledgement that their submission has processed and loaded, i.e. been "received." The Email acknowledgement for accepted reports and reports that failed to load will normally be on average thirty minutes after the file is received by the Division's VAN service mailbox. EDI filers who submit filings at night will normally receive their Email notices thirty minutes after the EDI file is accepted in our EDI VAN mailbox.

NOTE: A file will be "received" when it "loads" to the updated DOGMA system. This is a change to the current method of "receiving" an EDI file in our VAN service mailbox.

NOTE: EDI filers must plan to implement these changes with the February 2009 Report Month filing and not before or later than that Report Month. EDI filers may request a test filing in advance of the February filing to ensure that their changes are working properly. Simply contact Royalty Accounting by phone or email and request to test a report filing.

NOTE: No other changes or additions, other than those noted in this letter, have been made to the report body or report contents. The form, data items, and overall layout and use remain the same as before. Refer to the Royalty Reporting Instructions posted on the Division's royalty report website. A link to that web site is shown immediately below.

Reporting Instructions Web Link:

' <http://www.dog.dnr.state.ak.us/oil/programs/royalty/instructions.htm#instructions> '

Please contact Royalty Accounting if you have questions about reporting requirements or issues.

Obtaining Secure Filer Logons:

All filers, regardless of whether they file spreadsheets or EDI formats, will be assigned secure logons to the Division's DOGMA system. A second notice concerning logons will be sent out and describe the process for obtaining individual logons. These secure logons will eventually enable filers to do several things.

1. Royalty and NPSL report filers, who use spreadsheet formats, will be able to load/file their own reports directly to the DOGMA system at any time during a Report Month.
2. Royalty and NPSL report filers will be able to re-file reports that failed to load, or replace any report already filed in the Current Report month with a corrected version.

3. There will be a filing reconciliation report available to all filers to run at any time during the loading of their reports. This report will reconcile the "Total Amount(s) Due" reported on A1 filings with the summary of "Principle," "Interest" and "Total Payment Amounts" reported on the S1 report and the "Grand Total" on the Payment Summary Report. This should help each filer to check on the completeness and mathematical accuracy of their filing.
4. Filers will be able to access, view and download reports that they have previously filed. Each filer will be restricted to viewing only the reports filed from their company.
5. Review a required reports and/or a missing reports summary for the Current Report Month.
6. Other services will likely be added as other needs are identified or capabilities are developed to aid Royalty staff in reconciling reports, or lessees and their filers in fulfilling their requirements for filing reports.

"Receipt" of Electronic Spreadsheet and EDI File Submissions:

Filers will receive confirmation of the success or failure of the reports filed in either spreadsheet or EDI format as a service of the updated DOGMA system. The turn-around time for report data checks and validation will normally be on average 30 minutes. The data checks are those formats and content requirements included in the reporting instructions. The same data checks are applied regardless of the method used to file a report. A list of data checks performed on all reports submitted for loading can be found on-line at the link provided above. This list will be updated as additions are made to accommodate new Accounting Units or as operations may change on Accounting Units. The basic purpose of data checks are to ensure that data is legible, i.e. data is spelled correctly, is a proper date, an allowed code, formatted correctly, or sums accurately.

During the testing period, beginning in February 2009, royalty staff will continue to load reports; however, example rejection messages will be sent via Email to each lessee's filers to provide notification of those data corrections that filers need to address so reports will load to the current and future systems. Filers who learn to correct the errors themselves prior to full implementation will enable them to avoid having reports rejected for not meeting current reporting standards. These reporting errors are similar to the ones that Royalty staff has made on behalf of filers after receiving approval to make the corrections from filers. Royalty staff will continue to assist filers with their error corrections until full implementation occurs. Or, in some cases, requests will be made to filers to resubmit the entire filing as errors are too numerous and pervasive in the filing to make spot corrections as is the practice today. 90-days prior to full implementation, filers will load their own reports directly to the DOGMA system; however royalty staff will continue to assist in making corrections to the filing. **At the time of full implementation, Royalty staff will no longer make corrections to filers' reports since filers will load their own reports on-line or through EDI filings.**

When full implementation of the DOGMA system updates occurs, a Royalty Report must pass the data checks process and load to the DOGMA system to be considered "received" by the Division on time. **This is a change to the standard for "receiving" reports. Reports that are not loaded to DOGMA will be considered to be not filed or missing.**

FULL IMPLEMENTATION IS EXPECTED TO BEGIN THE SUMMER of 2009.

Report Processing:

Reports will be processed and loaded on a first come first served basis regardless of the manner in which they are filed, i.e. spreadsheet or EDI submissions. Report filings will be processed in the order in which they are submitted. If a large filing that contains thousands of reports is submitted, it will take longer than the average thirty minutes to complete processing. Thus, the response to such a filing will be delayed in accordance with the size and number of reports filed. Any filings submitted subsequent to a large filing will process after the large filing, in the order in which it arrives, and thus it would be delayed beyond the normal processing time, as well. If large filings are not submitted until near the end of the filing period, all reports and the subsequent confirmation may not be completed prior to the filing deadline. Filers should take this into consideration when planning and completing their report filings. Filing before the last business day of the month will better ensure an early response to reporting errors and ample time to correct and resend reports before the close of a Report Month.

In those instances where large filings are submitted for loading at or near the cut off time for "receiving" reports, reports will continue to be processed and treated as received within the due date. However, any reports that fail the data checks and do not load to DOGMA will be missing and late for the Current Month Filing. The filing completion Email notice will be sent as part of the normal processing of any report filing submitted for loading. The Email will contain a list of reports accepted and reports rejected along with their errors. That Email acknowledgement of your submitted filing will be your notice of "Receipt" for reports accepted and "Non-receipt" of reports that failed to load.

Normal filings of reports should only take a few minutes at most and be completed well within the thirty minutes turnaround time. One of the advantages to filing a little earlier is having the opportunity to review the full filing to determine if all reports have been submitted and accepted, and that the filing reconciles, i.e. the A1 reports "TADs" or revision totals ("REVPD," "REVID," or "REVTD") reconcile to the summaries on its associated Payment Summary Report.

Training:

We will offer training sessions on how to load data directly into DOGMA to all filers. The training schedule will be included in the letter which discusses logon procedures.

Common Errors On Current Reporting:

Some of the most common data errors still occurring on current report loadings are listed below. Data checks performed now and in the future are based on the same data format and code standards that have been in place since the beginning of automated reporting in 1998.

Control Numbers:

Incorrect Month and Year.

Incorrect Customer ID, not matching Lessee Name reported in the header.

Late Payment Reporting on S1:

Missing Accounting Unit Code.

Incorrect Reporting using multiple "LPMT" lines for the same Accounting Unit/Report Code.

Incorrect use of the "ALL" Accounting Unit Code.

Missing Production Month Dates.

Leaving Zero Value "LPMI," "LPMT" in subsequent report filings.

(Note: Review "LPMI," "LPMT" and principle reporting instructions available on-line at the link provided above.)

Offtake Percentage:

Total not adding to 100%, or not reporting quantities. Must default to zero if nothing is reported.

Over/under Payments ("OUP," "OUT"):

"OUP" must have a date reported to identify the month/day/year when the payment was initiated.

"OUT" should not have a date.

Payment Date:

For spreadsheet filings use: "MM/DD/YYYY".

For EDI filings use: "MMDDYYYY".

Reporting Rounding:

Volumes: the standard is 2 decimal places, no extra decimals or digits.

Values: the standard is 5 decimal places, even if the last digits are zeros.

Amounts: the standard is 2 decimal places, i.e. rounding to the nearest penny.

Offtake Percentages: the standard is 7 decimal places, even if the last digits are zeros.

Reported Values:

Should not report Values when zero volume is reported.

Revision Lines on A1

Including revision lines on original filings. Revision lines ("REVPD," "REVID," "REVTD") should not be included on original filings – revision 00.

Late filed original reports should not have revision lines included. Interest should be reported on the S1 as late payment interest (LPMI) associated with the applicable Accounting Unit.

Royalty Reports (A1) with a revision number greater than 00 must contain the following lines: "REVPD," "REVID," "REVTD."

Revision Number:

Out of sequence with previous filing.

Missing original filing.

Quality Measurement:

Spreadsheet: Not reporting values, (report must have a value in the cell, default to zeros if nothing is reported).

EDI: Continue to report the Quality Measurement as it is currently being reported (zero will be entered in the system on this side if no other value is reported.)

Selling Arrangement:

Invalid number.

Arrangement expired.

Arrangement not in Accounting Unit.

Correcting SO, FO, and OO Reporting:

When Accounting Units contain leases that are not State of Alaska leases or are not 100% owned by the State, a special allocation must be reported on the Royalty Operator (O1) Report. This allocation identifies how the Total Offtake volume (Disposition Code "0008," Allocation Code "NPT," and Lessee "Total") is allocated among the land owners by lessee. The following examples illustrate how volumes should be reported on the Royalty Operator (O1) report.

The WIO volume allocations by Lessee at the top of the report are based on the Lessees' total lease ownership in the Accounting Unit, regardless of land ownership.

NOTE: Offtake Disposition 0008 (Disposition Code "0008," Allocation Code "NPT," and Lessee "Total") (highlighted in yellow on line 4 in sample reports provided below) matches the total allocation to the land owners in line 22 (also highlighted in yellow).

Offtake volume from 100% state-owned leases and the fraction of state owned volume from leases with multiple land owners' ownership is reported under allocation "SO." Likewise, any Offtake volume coming from leases that are 100% owned by federal, other (i.e. private, native corporations, etc.) and the fraction of volume from leases with multiple land owners' ownership not belonging to the state are reported under "FO" or "OO" as appropriate. The royalty volumes ("TROY," "ROY," "TRIV," "RIV," "TRIK," "RIK,") on the Royalty Operator Report (O1) are based on this "SO" volume. This "SO" volume is also the total "WIO" volumes reported on the Royalty Valuation Report (A1). See the example below of an operator report that contains "SO," "FO," and "OO" volume allocations.

NOTE: Total "ROY," "RIV" and "RIK" volumes reported on the filers' A1 report should equal the "ROY," "RIV" and "RIK" volumes reported for that lessee on the O1 report. These lines and numbers are highlighted in orange on both sample reports provided below. The green shaded area on the O1 report represents the allocation of royalty volumes based on the "SO" volume.

Below is a summary of cross-referenced and reconciled volumes between O1 and A1 reports as shown in the example for lessee B.

O1	REPORT	A1	REPORT
		WIO	1,048,396.51
		WIO	613,951.77
SO	1,662,348.28	TOTAL WIO	1,662,348.28
		ROY	98,887.96
		ROY	71,724.38
ROY	170,612.34	TOTAL ROY	170,612.34
		RIV	52,037.27
		RIV	37,743.11
RIV	89,780.38	TOTAL RIV	89,780.38
		RIK	46,850.69
		RIK	33,981.27
RIK	80,831.96	TOTAL RIK	80,831.96

NOTE: An additional change to the O1 report is identifying non-royalty bearing load diesel with a selling arrangement number. If load diesel is reported on the O1, but should be excluded from royalty consideration, the selling arrangement number 216005A000 will be required. This example is also included below.

The Cross-references That Appear in The Examples That Follow:

In the following report examples there are cross-references in the data element labels. For example in the report sample on the next page references on the "Report Type" are "(a) cr (m)." The first letter in parenthesis is the current reference or label for "Report Type" found in the new report form. The letters "cr" stands for "cross-reference." The second reference "(m)" refers to the letter reference in the old instructions on the web in the section titled "...Referenced by Regulation." Because the header items have moved to different locations in the new format they do not occur in the same order as in the old form. The references are provided to help people see where the current item came from on the older forms.

Sample Royalty Operator Report:

ALASKA DNR - OIL & GAS V 1.20081110

(a) cr (m) REPORT TYPE	O1
(b) cr (n) REPORT CODE	OR
(c) FILING TYPE	REG
(d) cr (k) CUSTOMER ID NUMBER	000106346
(e) cr (p) ACCOUNTING UNIT CODE	WXYZ
(f) cr (l) PRODUCTION MONTH	11/01/2008
(g) cr (q) REVISION NO.	01
(h) cr (s) REPORT MONTH	12/01/2009
(j) AUTHORIZED DATE	12/22/2009

(q) cr (a) OPERATOR NAME	Any Company
(r) cr (o) ACCOUNTING UNIT NAME	WXYZ PA
(s) cr (b) ADDRESS1	P.O. Box
(t) cr (b) ADDRESS2	100000
(u) cr (b) CITY	City
(v) cr (b) STATE	Alaska
(w) cr (b) ZIP	99510
(x) cr (c) PREPARER	John Doe
(y) cr (d) PREPARER PHONE NUMBER	9072528222
(z) cr (e) PREPARER FAX NUMBER	9072528333
(aa) cr (f) AUTHORIZED SIGNATURE (CODE)	ABCDEFGHIJ
(ab) cr (g) AUTHORIZED SIGNATURE (Printed Name)	Mr Big
(ac) cr (h) PHONE NUMBER	9072528334
(ad) cr (i) FAX NUMBER	9072528336

(ae) cr (r) LINE NO.	(af) cr (s) PRODUCT CODE	(ag) cr (t) DISPOSITION CODE	(ah) cr (u) ALLOCATION CODE	(ai) cr (v) LESSEE NAME	(aj) cr (w) OFFTAKE PERCENT	(ak) cr (x) QUANTITY	(al) cr (y) SELLING ARR CODE
1	C	0006	NPT	TOTAL	100.0000000	2,221,662.00	0000000000
2	C	0006	WIO	A	22.0000000	488,765.62	0000000000
3	C	0006	WIO	B	78.0000000	1,732,896.38	0000000000
4	C	0008	NPT	TOTAL	100.0000000	2,218,535.00	0000000000
5	C	0008	WIO	A	22.0000000	488,077.75	0000000000
6	C	0008	WIO	B	78.0000000	1,730,457.25	0000000000
7	C	0009	NPT	TOTAL	100.0000000	2,221,662.00	0000000000
8	C	0009	WIO	A	22.0000000	488,765.62	0000000000
9	C	0009	WIO	B	78.0000000	1,732,896.38	0000000000
10	O	0010	NPT	TOTAL	100.0000000	2,218,535.00	0000000000
11	O	0010	WIO	A	22.0000000	488,077.75	0000000000

(ae) cr (r) LINE NO.	(af) cr (s) PRODUCT CODE	(ag) cr (t) DISPOSITIO N CODE	(ah) cr (u) ALLOCATION CODE	(ai) cr (v) LESSEE NAME	(aj) cr (w) OFFTAKE PERCENT	(ak) cr (x) QUANTITY	(al) cr (y) SELLING ARR CODE
12	O	0010	WIO	B	78.0000000	1,730,457.25	0000000000
13	O	0020	NPT	TOTAL	100.0000000	3,127.00	216005A000
14	O	0020	WIO	A	22.0000000	687.94	216005A000
15	O	0020	WIO	B	78.0000000	2,439.06	216005A000
16	O	0030	NPT	TOTAL	100.0000000	0.00	0000000000
17	O	0030	WIO	A	22.0000000	0.00	0000000000
18	O	0030	WIO	B	78.0000000	0.00	0000000000
19	N	0010	NPT	TOTAL	100.0000000	0.00	0000000000
20	N	0010	WIO	A	22.0000000	0.00	0000000000
21	N	0010	WIO	B	78.0000000	0.00	0000000000
22	C	0008	LPT	TOTAL	100.0000000	2,218,535.00	0000000000
23	C	0008	SO	A	21.1300000	468,776.45	0000000000
24	C	0008	SO	B	74.9300000	1,662,348.28	0000000000
25	C	0008	OO	A	0.8700000	19,301.25	0000000000
26	C	0008	OO	B	3.0700000	68,109.02	0000000000
27	O	2010	TROY	TOTAL	100.0000000	218,733.78	0000000000
28	O	2010	ROY	A	22.0000000	48,121.44	0000000000
29	O	2010	ROY	B	78.0000000	170,612.34	0000000000
30	O	2010	TRIV	TOTAL	100.0000000	115,103.05	0000000000
31	O	2010	RIV	A	22.0000000	25,322.67	0000000000
32	O	2010	RIV	B	78.0000000	89,780.38	0000000000
33	O	2010	TRIK	TOTAL	100.0000000	103,630.73	0000000000
34	O	2010	RIK	A	22.0000000	22,798.77	0000000000
35	O	2010	RIK	B	78.0000000	80,831.96	0000000000
36	N	2010	TROY	TOTAL	100.0000000	0.00	0000000000
37	N	2010	ROY	A	22.0000000	0.00	0000000000
38	N	2010	ROY	B	78.0000000	0.00	0000000000
39	N	2010	TRIV	TOTAL	100.0000000	0.00	0000000000
40	N	2010	RIV	A	22.0000000	0.00	0000000000
41	N	2010	RIV	B	78.0000000	0.00	0000000000
42	N	2010	TRIK	TOTAL	100.0000000	0.00	0000000000
43	N	2010	RIK	A	22.0000000	0.00	0000000000
44	N	2010	RIK	B	78.0000000	0.00	0000000000
45	C	0008	OWT	TOTAL	100.0000000	2,218,535.00	0000000000
46	C	0008	LT	A	22.0000000	488,077.75	0000000000
47	C	0008	LT	B	78.0000000	1,730,457.25	0000000000
48	C	0008	CIT	TOTAL	0.0000000	0.00	0000000000
49	C	0008	LCI	A	0.0000000	0.00	0000000000
50	C	0008	LCI	B	0.0000000	0.00	0000000000
51	C	0008	PIT	TOTAL	0.0000000	0.00	0000000000
52	C	0008	LPI	A	0.0000000	0.00	0000000000
53	C	0008	LPI	B	0.0000000	0.00	0000000000
54	C	0008	OULT	TOTAL	0.0000000	0.00	0000000000
55	C	0008	LOU	A	0.0000000	0.00	0000000000
56	C	0008	LOU	B	0.0000000	0.00	0000000000
57	C	0190	NPT	TOTAL	100.0000000	0.00	0000000000
58	C	0190	WIO	A	22.0000000	0.00	0000000000
59	C	0190	WIO	B	78.0000000	0.00	0000000000

Sample Royalty Valuation Report based on the Royalty Operator Report Allocations:

ALASKA DNR - OIL & GAS V 1.20080919

(a) cr (m) REPORT TYPE	A1
(b) cr (n) REPORT CODE	OR
(c) FILING TYPE	REG
(d) cr (k) CUSTOMER ID NUMBER	000123154
(e) cr (p) ACCOUNTING UNIT CODE	WXYZ
(f) cr (l) PRODUCTION MONTH	11/01/2009
(g) cr (q) REVISION NO.	00
(h) cr (s) REPORT MONTH	12/01/2009
(i) cr (k) CONTROL NUMBER	000123154P12200900
(j) AUTHORIZED DATE	12/18/2009

(q) cr (a) LESSEE NAME	Any Company
(r) cr (o) ACCOUNTING UNIT NAME	WXYZ PA
(s) cr (b) ADDRESS1	P.O. Box 100360
(t) cr (b) ADDRESS2	
(u) cr (b) CITY	Anchorage
(v) cr (b) STATE	Alaska
(w) cr (b) ZIP	99510
(x) cr (c) PREPARER	Jane Doe
(y) cr (d) PREPARER PHONE NUMBER	9072634883
(z) cr (e) PREPARER FAX NUMBER	9072651566
(aa) cr (f) AUTHORIZED SIGNATURE (CODE)	ABCDEFGHIJ
(ab) cr (g) AUTHORIZED SIGNATURE (Printed Name)	Jane Doe
(ac) cr (h) PHONE NUMBER	9072634883
(ad) cr (i) FAX NUMBER	9072651566

(ae) LINE NO.	(af) cr (u) PRODUCT CODE	(ag) cr (v) DISPOSITIO N CODE	(ah) cr (w) LEASE TYPE	(ai) cr (x) ALLOCATION CODE	(aj) cr (y) QUANTITY	(ak) cr (z) VALUE	(al) cr (aa) AMOUNT	(am) cr (ab) SELLING ARR CODE	(an) cr (ac) QUALITY MEASUREMENT
1	O	0010	NFC	WIO	1,048,396.51	0.00000	0.00	201000B001	0
2	O	2010	NFC	ROY	98,887.96	0.00000	0.00	201000B001	0
3	O	2010	NFC	RIV	52,037.27	0.00000	0.00	201000B001	0
4	O	2010	NFC	RIK	46,850.69	0.00000	0.00	201000B001	0
5	O	2010	NFC	SV	0.00	128.03200	0.00	201000B001	0
6	O	2010	NFC	QA	0.00	1.94900	0.00	201000B001	0
7	O	2010	NFC	TT	0.00	-4.64000	0.00	201000B001	0
8	O	2010	NFC	L	0.00	-0.15100	0.00	201000B001	0
9	O	2010	NFC	MC	0.00	-12.08400	0.00	201000B001	0
10	O	2010	NFC	KT	0.00	-0.19800	0.00	201000B001	0
11	O	2010	NFC	AT	0.00	-0.69000	0.00	201000B001	0
12	O	2010	NFC	HV	0.00	0.00000	0.00	201000B001	0
13	O	2010	NFC	AA	0.00	0.00000	0.00	201000B001	0
14	O	2010	NFC	RV	0.00	112.21800	0.00	201000B001	0
15	O	2010	NFC	FC	0.00	0.00000	0.00	201000B001	0
16	O	2010	NFC	WH	0.00	112.21800	0.00	201000B001	0
17	O	2010	NFC	RIVO	0.00	0.00000	5,839,518.36	201000B001	0
18	O	2010	NFC	RIKFC	0.00	0.00000	0.00	201000B001	0
19	O	2010	NFC	TAD	0.00	0.00000	5,839,518.36	201000B001	0
20	O	0010	STAN	WIO	613,951.77	0.00000	0.00	201000B001	0
21	O	2010	STAN	ROY	71,724.38	0.00000	0.00	201000B001	0
22	O	2010	STAN	RIV	37,743.11	0.00000	0.00	201000B001	0
23	O	2010	STAN	RIK	33,981.27	0.00000	0.00	201000B001	0
24	O	2010	STAN	SV	0.00	128.03200	0.00	201000B001	0
25	O	2010	STAN	QA	0.00	1.94900	0.00	201000B001	0
26	O	2010	STAN	TT	0.00	-4.64000	0.00	201000B001	0
27	O	2010	STAN	L	0.00	-0.15100	0.00	201000B001	0
28	O	2010	STAN	MC	0.00	-12.08400	0.00	201000B001	0
29	O	2010	STAN	KT	0.00	-0.19800	0.00	201000B001	0
30	O	2010	STAN	AT	0.00	-0.69000	0.00	201000B001	0
31	O	2010	STAN	HV	0.00	0.00000	0.00	201000B001	0
32	O	2010	STAN	AA	0.00	0.00000	0.00	201000B001	0
33	O	2010	STAN	RV	0.00	112.21800	0.00	201000B001	0
34	O	2010	STAN	FC	0.00	0.00000	0.00	201000B001	0
35	O	2010	STAN	WH	0.00	112.21800	0.00	201000B001	0
36	O	2010	STAN	RIVO	0.00	0.00000	4,235,456.32	201000B001	0
37	O	2010	STAN	RIKFC	0.00	0.00000	0.00	201000B001	0
38	O	2010	STAN	TAD	0.00	0.00000	4,235,456.32	201000B001	0